

Message Text

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INFO AMCONSUL MUNICH

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AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUDAPEST 3203

E.O. 11652: N/A

TAGS: COMECON, ETRD, HU

SUBJ: BIRO VISIT TO MOSCOW FOR CEMA FOREIGN TRADE

COMMITTEE MEETING

1. PRICE LEVELS DURING 1976-1980 FIVE YEAR PLAN PERIOD
APPEAR TO HAVE BEEN A PRIME TOPIC OF CONVERSATION DURING
LAST WEEK'S MOSCOW MEETING OF CEMA'S STANDING COMMITTEE
ON FOREIGN TRADE ATTENDED BY FONTRADE MINISTER BIRO.
IN INTERVIEW WITH PRESS FOLLOWING SESSION BIRO ACKNOWLEDGED
PRICES HAD BEEN PRINCIPAL DISCUSSION ITEM COMMENTING THAT
"IT IS NOT POSSIBLE TO BE INDIFFERENT TO PRICES AND THAT
CHANGES MUST BE RECOGNIZED AS QUICKLY AS POSSIBLE." AS
THE PRICE CALCULATION PROBLEM WAS NOT A TEMPORARY ONE,
CEMA'S FOREIGN TRADE COMMITTEE HAD DEVELOPED METHODS
TO PERMIT EFFECTIVE LONG-TERM PLANNING IN SPITE OF
CHANGING PRICES.

2. IN ADDITION TO THE SUBJECT OF PRICES THE MOSCOW
SESSION EXAMINED THE POSSIBILITY OF INCREASIN THE NUMBER
OF SPECIALIZATION AGREEMENTS, THE IMPROVEMENT OF SPARE
PARTS SUPPLY, AND TRANSPORT PROBLEMS. DELEGATES AGREED
THAT THE EXPANSION OF TRANSPORT FACILITIES WITHIN CEMA HAD
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LAGGED FAR BEHIND THE GROWTH OF FOREIGN TRADE AND AT TIMES

HAD CREATED SERIOUS BOTTLENECKS.

3. COMMENT: WHILE EMBASSY ORIGINALLY SUSPECTED TIMING OF BIRO'S MOSCOW VISIT MIGHT BE DIRECTLY RELATED TO U.S. VISIT IT NOW APPEARS THAT THIS WAS NOT CASE. CONCERNING SUBJECT OF CEMA PRICES, ALTHOUGH BIRO DID NOT ELABORATE REGARDING EXACTLY WHAT METHODS WOULD BE USED TO ENABLE CEMA PLANNERS TO COPE WITH IMPACT OF WIDE FLUCTUATIONS IN WORLD PRICES ON THEIR RESPECTIVE ECONOMIES, IMPLICATION IS THAT DURING NEXT FIVE YEAR PLAN PRICES WITHIN CEMA MAY BE ALLOWED TO FLUCTUATE IN ORDER TO FOLLOW WORLD TRENDS. IF OPPORTUNITY ARISES IT MIGHT BE INTERESTING TO ASK BIRO TO CLARIFY THIS POINT DURING HIS WASHINGTON VISIT.
PEDERSEN

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